

MARK D. WALDRON
Chapter 11 Trustee
6711 Regents Blvd. W., Suite B
Tacoma, WA 98466
Telephone: (253) 565-5800

The Honorable Frederick P. Corbit
Chapter 11

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re:

GIGA WATT INC.

Debtor.

Case No. 18-03197-FPC11

CHAPTER 11 TRUSTEE'S MONTHLY
FINANCIAL REPORT FOR
OCTOBER 2019

COMES NOW Mark D. Waldron, the Court-appointed and acting Chapter 11 Trustee in the above proceeding, and files this Monthly Financial Report for the month of October 2019. Attached to this report are the Ledger Report (Exhibit 1), Operating Statement (Exhibit 2), and bank statement for October 2019 (Exhibit 3), incorporated herein by reference. Also attached is a detailed narrative report from Court-appointed consultant Douglas Pratt regarding Giga Watt's mining operations for October 2019 (Exhibit 4), incorporated herein by reference.

Significant developments during reporting period:

1. Moses Lake Facility. The Estate continues to operate the Moses Lake facility. Mining revenues for October 2019 at Moses Lake were \$237,396.86, with an additional \$30,354.73 of revenue from subtenant Eco Diversified Holdings for its October 2019 rent (\$9,000.00) and proportional obligation for the September 2019 utilities



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1 (\$21,354.73). Rent and utility payments are current and the Estate continues the efforts
2 to repay the past due amounts which existed when the Trustee took over operations.

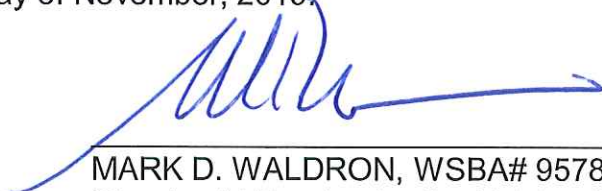
3 2. TNT Facility. Following entry of a Order on October 1, 2019 (Docket
4 No. 380), lender Randy Michelson funded the remaining \$41,488.00 of the DIP loan
5 related to the TNT facility. The Estate restarted operations in September 2019 and
6 continues to operate at the TNT facility. Mining revenues at TNT for October 2019 were
7 \$78,446.95. Pursuant to the Court-approved Super-Priority Unsecured Credit Agreement,
8 the Estate is current on the payments due the DIP lender. Rent and utility payments are
also current.

9 3. The Court-appointed CPA continues to prepare Debtor's required monthly
10 tax reports, specifically the Department of Revenue reporting, and the Estate continues to
11 pay the corresponding B&O taxes due. At month end, the Debtor was not delinquent on
12 any post-petition tax obligations.

13 4. For purposes of calculating the Debtor's obligations under 28 USC 1930(a)(6)
14 to pay a quarterly fee to the United States Trustee, **TOTAL DISBURSEMENTS** for the
15 month of October 2019 were **\$304,572.05**. The Trustee continues to file Monthly Financial
16 Reports and pay the quarterly U.S. Trustee fees pursuant to the current rate schedule.
17 Third Quarter 2019 U.S. Trustee fees in the amount of \$12,882.92 were paid on October 1,
2019. All U.S. Trustee fee payments and all Monthly Financial Reports are current.

18 I certify under penalty of perjury that the information contained in this Monthly
19 Financial Report is complete, true, and accurate to the best of my knowledge, information
20 and belief.

21 DATED this 14th day of November, 2019,

22 

23 MARK D. WALDRON, WSBA# 9578
24 Chapter 11 Trustee for the Estate of
25 Giga Watt Inc.



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Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.
Taxpayer ID #: 81-4797010
Period: 10/01/19 - 10/31/19

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
10/01/19	252	Washington State Department of Revenue	604-067-749, Giga Watt, Inc., penalties & interest for April & May 2019 B&O tax returns	6006-002		1,475.97	69,795.26
10/01/19	253	Insta Stor Inc.	Invoice #2913 (storage container rental through October 2019)	6004-000		134.88	69,660.38
10/01/19	254	U.S. Trustee	Acct #802-18-03197, US Trustee fees for 3rd Quarter 2019	6001-000		12,882.92	56,777.46
10/01/19	255	Douglas County PUD	Account No. 735917, utilities for September 2019	6010-000		8,439.00	48,338.46
10/02/19		Eco Diversified Holdings	October 2019 rent for Pod 8 of Parcel E pods, Moses Lake	4002-00	9,000.00		57,338.46
10/03/19		Moses Lake (\$37,882.58) and TNT (\$15,244.88) facilities	Mining operations	4001-000	53,127.46		110,465.92
10/04/19		Randy Michelson	Per Credit Agreement and Order entered 10-1-19 (Docket No. 380)	4099-000	41,488.00		151,953.92
10/07/19	256	Lauren Mieh	Invoice dated 10/6/19 (Moses Lake facility through 10/3/19)	6007-013		1,800.00	150,153.92
10/07/19	257	Lauren Mieh	Invoice dated 10/6/19 (TNT facility through 10/3/19)	6007-013		3,750.00	146,403.92
10/07/19	258	Lauren Mieh	Reimburse costs (TNT facility), Invoice dated 10/6/19	6007-014		701.88	145,702.04
10/07/19	259	Allen Oh	Invoice #29 (TNT facility, through 9/27/19)	6007-013		1,200.00	144,502.04
10/07/19	260	Allen Oh	Invoices #29 and #30 (Moses Lake facility, through 10/4/19)	6007-013		4,800.00	139,702.04
10/07/19	261	Austin Harrison	Invoice dated 10/6/19 (Moses Lake facility, through 10/4/19)	6007-013		2,460.00	137,242.04
10/07/19	262	Skyler Simpson	Invoice dated 10/6/19 (Moses Lake facility through 10/5/19)	6007-013		2,000.00	135,242.04

Subtotals : \$103,615.46 \$39,644.65

{ Asset reference(s)

Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.
Taxpayer ID #: 81-4797010
Period: 10/01/19 - 10/31/19

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
10/07/19	263	Porfirio Jaimes	Invoice dated 10/6/19 (Moses Lake facility, through 10/4/19)	6007-013		1,544.75	133,697.29
10/07/19	264	David Knowles	Invoice dated 10/6/19 (TNT facility, through 10/4/19)	6007-013		2,352.00	131,345.29
10/07/19	265	Washington State Department of Revenue	604-067-749, Giga Watt, Inc. B&O taxes due for September 2019	6006-002		4,066.69	127,278.60
10/07/19	266	Cascade Equipment Sales, LLC	Invoice #2176 (trailer rental for September & October 2019)	6004-000		2,000.00	125,278.60
10/07/19	267	Waste Management of Wenatchee	Customer ID #19-19019-33003, Invoice #1829625-2674-1	6010-000		124.28	125,154.32
10/07/19	268	LocalTel	Account #61297, Statement dated 9/30/19 (TNT facility)	6010-000		251.27	124,903.05
10/07/19		MLDC I, LLC	100% of Moses Lake revenue (through 10/3/19)	6003-000		37,882.58	87,020.47
10/08/19	269	Douglas Pratt	Invoice #1003 (TNT facility through 9-13-19)	6007-013		1,375.00	85,645.47
10/08/19	270	Douglas Pratt	Invoice #1003 (Giga Watt through 9-13-19)	6007-013		250.00	85,395.47
10/10/19		Moses Lake (\$43,057.35) and TNT (\$10,992.47) facilities	Mining operations	4001-000	54,049.82		139,445.29
10/11/19		MLDC I, LLC	77% of Moses Lake revenue (through 10-10-19)	6003-000		36,710.27	102,735.02
10/17/19		Moses Lake (\$53,145.03) and TNT (\$16,267.47) facilities	Mining operations	4001-000	69,412.50		172,147.52
10/18/19		Eco Diversified Holdings	Utilities for September 2019, Pod 8 of Parcel E pods, Moses Lake facility	4099-000	21,354.73		193,502.25
10/18/19	271	Lauren Mieh	Invoice dated 10-20-19 (TNT facility through 10-19-19)	6007-013		6,000.00	187,502.25
10/18/19	272	Allen Oh	Invoices #31 and #32 (Moses Lake facility)	6007-013		6,000.00	181,502.25
Subtotals :					\$144,817.05	\$98,556.84	

{ Asset reference(s) }

Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.
Taxpayer ID #: 81-4797010
Period: 10/01/19 - 10/31/19

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
			through 10-19-19)				
10/18/19	273	Austin Harrison	Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	6007-013		2,400.00	179,102.25
10/18/19	274	Skyler Simpson	Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	6007-013		2,000.00	177,102.25
10/18/19	275	Porfirio Jaimes	Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	6007-013		1,480.00	175,622.25
10/18/19	276	David Knowles	Invoice dated 10-20-19 (TNT facility through 10-19-19)	6007-013		2,240.00	173,382.25
10/18/19	277	Stretto	Invoice #3130	6007-000		1,736.20	171,646.05
10/18/19		MLDC I, LLC	77% of Moses Lake revenue (through 10-17-19)	6003-000		40,921.67	130,724.38
10/24/19		Moses Lake (\$48,576.52) and TNT (\$16,769.65) facilities	Mining operations	4001-000	65,346.17		196,070.55
10/25/19	278	TNT Business Complexes, LLC	Lease payment for November 2019 (TNT facility)	6003-000		11,600.00	184,470.55
10/25/19		MLDC I, LLC	77% of Moses Lake revenue (through 10-24-19)	6003-000		37,403.92	147,066.63
10/28/19		MLDC I, LLC	Balance due for utilities and rent	6003-000		66,588.77	80,477.86
10/31/19		Moses Lake (\$54,735.38) and TNT (\$19,172.48) facilities	Mining operations	4001-000	73,907.86		154,385.72

Subtotals : \$139,254.03 \$166,370.56

⇅ Asset reference(s)

Ledger Report

Case Number: 18-03197-FPC11 FPC
Case Name: GIGA WATT INC.
Taxpayer ID #: 81-4797010
Period: 10/01/19 - 10/31/19

Trustee: Mr. Mark D. Waldron (670070)
Bank Name: Metropolitan Commercial Bank
Account: *****25 - Checking Account
Blanket Bond: \$0.00 (per case limit)
Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
ACCOUNT TOTALS							
					2,857,813.48	2,703,427.76	\$154,385.72

TOTAL - ACCOUNT *****25

Balance Forward	71,271.23						
2 Deposits	30,354.73		27 Checks			85,064.84	
0 Interest Postings	0.00		5 Adjustments Out			219,507.21	
			0 Transfers Out			0.00	
Subtotal	\$101,625.96		Total			\$304,572.05	
6 Adjustments In	357,331.81						
0 Transfers In	0.00						
Total	\$458,957.77						

Operating Statement

Period: 10/01/19 - 10/31/19

EXHIBIT 2

Income

4001-000 Revenue from Operating Business

4001-000 Revenue from Operating Business

10/03/19	Dep. Adj.: 61	3910019625	Moses Lake (\$37,882.58) and TNT (\$15,244.88) facilities Mining operations	\$53,127.46
10/10/19	Dep. Adj.: 64	3910019625	Moses Lake (\$43,057.35) and TNT (\$10,992.47) facilities Mining operations	\$54,049.82
10/17/19	Dep. Adj.: 66	3910019625	Moses Lake (\$53,145.03) and TNT (\$16,267.47) facilities Mining operations	\$69,412.50
10/24/19	Dep. Adj.: 68	3910019625	Moses Lake (\$48,576.52) and TNT (\$16,769.65) facilities Mining operations	\$65,346.17
10/31/19	Dep. Adj.: 71	3910019625	Moses Lake (\$54,735.38) and TNT (\$19,172.48) facilities Mining operations	\$73,907.86
				<u>\$315,843.81</u>

4002-00 Rents

4002-00 Rents

10/02/19	Deposit: 100014-1	3910019625	Eco Diversified Holdings October 2019 rent for Pod 8 of Parcel E pods, Moses Lake	\$9,000.00
				<u>\$9,000.00</u>

4099-000 Other Receipts

4099-000 Other Receipts

10/04/19	Dep. Adj.: 62	3910019625	Randy Michelson Per Credit Agreement and Order entered 10-1-19 (Docket No. 380)	\$41,488.00
10/18/19	Deposit: 100015-1	3910019625	Eco Diversified Holdings Utilities for September 2019, Pod 8 of Parcel E pods, Moses Lake facility	\$21,354.73
				<u>\$62,842.73</u>

Total Income**\$387,686.54**Expenses

6001-000 US Trustee Fees

6001-000 US Trustee Fees

10/01/19	Check: 254	3910019625	U.S. Trustee Acct #802-18-03197, US Trustee fees for 3rd Quarter 2019	\$12,882.92
				<u>\$12,882.92</u>

6003-000 Admin. Rent

6003-000 Admin. Rent

10/07/19	Disb. Adj.: 63	3910019625	MLDC I, LLC 100% of Moses Lake revenue (through 10/3/19)	\$37,882.58
10/11/19	Disb. Adj.: 65	3910019625	MLDC I, LLC 77% of Moses Lake revenue (through 10-10-19)	\$36,710.27
10/18/19	Disb. Adj.: 67	3910019625	MLDC I, LLC 77% of Moses Lake revenue (through 10-17-19)	\$40,921.67
10/25/19	Disb. Adj.: 69	3910019625	MLDC I, LLC 77% of Moses Lake revenue (through 10-24-19)	\$37,403.92
10/25/19	Check: 278	3910019625	TNT Business Complexes, LLC Lease payment for November 2019 (TNT facility)	\$11,600.00
10/28/19	Disb. Adj.: 70	3910019625	MLDC I, LLC	\$66,588.77

GIGA WATT INC. (18-03197-FPC11)**Operating Statement**

Period: 10/01/19 - 10/31/19

				Balance due for utilities and rent	
					<u>\$231,107.21</u>
6004-000 Costs to Secure/Maintain Property					
6004-000 Costs to Secure/Maintain Property					
10/01/19	Check: 253	3910019625	Insta Stor Inc.	\$134.88	
				Invoice #2913 (storage container rental through October 2019)	
10/07/19	Check: 266	3910019625	Cascade Equipment Sales, LLC	\$2,000.00	
				Invoice #2176 (trailer rental for September & October 2019)	
					<u>\$2,134.88</u>
6006-002 Taxes - State					
6006-002 Taxes - State					
10/01/19	Check: 252	3910019625	Washington State Department of Revenue	\$1,475.97	
				604-067-749, Giga Watt, Inc., penalties & interest for April & May 2019 B&O tax returns	
10/07/19	Check: 265	3910019625	Washington State Department of Revenue	\$4,066.69	
				604-067-749, Giga Watt, Inc. B&O taxes due for September 2019	
					<u>\$5,542.66</u>
6007-000 Professional Fees & Expenses					
6007-000 Professional Fees & Expenses					
10/18/19	Check: 277	3910019625	Stretto	\$1,736.20	
				Invoice #3130	
					<u>\$1,736.20</u>
6007-013 Consultant for Trustee Fees					
10/07/19	Check: 256	3910019625	Lauren Mieh	\$1,800.00	
				Invoice dated 10/6/19 (Moses Lake facility through 10/3/19)	
10/07/19	Check: 257	3910019625	Lauren Mieh	\$3,750.00	
				Invoice dated 10/6/19 (TNT facility through 10/3/19)	
10/07/19	Check: 259	3910019625	Allen Oh	\$1,200.00	
				Invoice #29 (TNT facility, through 9/27/19)	
10/07/19	Check: 260	3910019625	Allen Oh	\$4,800.00	
				Invoices #29 and #30 (Moses Lake facility, through 10/4/19)	
10/07/19	Check: 261	3910019625	Austin Harrison	\$2,460.00	
				Invoice dated 10/6/19 (Moses Lake facility, through 10/4/19)	
10/07/19	Check: 262	3910019625	Skyler Simpson	\$2,000.00	
				Invoice dated 10/6/19 (Moses Lake facility through 10/5/19)	
10/07/19	Check: 263	3910019625	Porfirio Jaimes	\$1,544.75	
				Invoice dated 10/6/19 (Moses Lake facility, through 10/4/19)	
10/07/19	Check: 264	3910019625	David Knowles	\$2,352.00	
				Invoice dated 10/6/19 (TNT facility, through 10/4/19)	
10/08/19	Check: 269	3910019625	Douglas Pratt	\$1,375.00	
				Invoice #1003 (TNT facility through 10-13-19)	

GIGA WATT INC. (18-03197-FPC11)
Operating Statement
 Period: 10/01/19 - 10/31/19

10/08/19	Check: 270	3910019625	Douglas Pratt Invoice #1003 (Giga Watt through 9-13-19)	\$250.00	
10/18/19	Check: 271	3910019625	Lauren Miehle Invoice dated 10-20-19 (TNT facility through 10-19-19)	\$6,000.00	
10/18/19	Check: 272	3910019625	Allen Oh Invoices #31 and #32 (Moses Lake facility through 10-19-19)	\$6,000.00	
10/18/19	Check: 273	3910019625	Austin Harrison Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	\$2,400.00	
10/18/19	Check: 274	3910019625	Skyler Simpson Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	\$2,000.00	
10/18/19	Check: 275	3910019625	Porfirio Jaimes Invoice dated 10-20-19 (Moses Lake facility through 10-19-19)	\$1,480.00	
10/18/19	Check: 276	3910019625	David Knowles Invoice dated 10-20-19 (TNT facility through 10-19-19)	\$2,240.00	
				<u>\$41,651.75</u>	
6007-014 Consultant for Trustee Expenses					
10/07/19	Check: 258	3910019625	Lauren Miehle Reimburse costs (TNT facility), Invoice dated 10/6/19	\$701.88	
				<u>\$701.88</u>	
					<u>\$44,089.83</u>
6010-000 Other Expenses					
6010-000 Other Expenses					
10/01/19	Check: 255	3910019625	Douglas County PUD Account No. 735917, utilities for September 2019	\$8,439.00	
10/07/19	Check: 267	3910019625	Waste Management of Wenatchee Customer ID #19-19019-33003, Invoice #1829625-2674-1	\$124.28	
10/07/19	Check: 268	3910019625	LocalTel Account #61297, Statement dated 9/30/19 (TNT facility)	\$251.27	
				<u>\$8,814.55</u>	
Total Expenses					<u>\$304,572.05</u>
Net Income					<u><u>\$83,114.49</u></u>

Mr. Mark D. Waldron
6711 Regents Blvd West
Tacoma WA 98466

EXHIBIT 3

Case Number

Case Name

Trustee Number

Trustee Name

Period Covered:
October 01, 2019 - October 31, 2019
Page 1 of 12

18-03197-FPC11

GIGA WATT INC

DEBTOR

670070

Mr. Mark D. Waldron

TRUSTEE

Questions:
800.634.7734

banking.services@stretto.com
www.stretto.com

Consolidated Balance Summary

Account	Number	Ending Balance Prior Period	Ending Balance This Period
Checking Account			
TRUSTEE CHECKING	3910019625	\$91,248.22	\$165,985.72
Total		\$91,248.22	\$165,985.72

TRUSTEE CHECKING

Account Number: 9625

Enclosures	29	Beginning Balance	\$91,248.22
		+Total Additions	\$387,686.54
		-Total Subtractions	\$312,949.04
		Ending Balance	\$165,985.72

* Indicates a Skip in Check Number(s)
"E" Indicate an Electronic Check

RECEIVED
NOV 08 2019
Law Offices of
Mark D. Waldron, PLLC

Checks

Check #	Date	Amount
239	10-07	\$5,976.99
245*	10-03	\$2,400.00
249*	10-10	\$11,600.00
252*	10-11	\$1,475.97
253	10-15	\$134.88
254	10-08	\$12,882.92
255	10-09	\$8,439.00
256	10-15	\$1,800.00
257	10-15	\$3,750.00
258	10-15	\$701.88
259	10-15	\$1,200.00
260	10-15	\$4,800.00
261	10-16	\$2,460.00
262	10-15	\$2,000.00
263	10-15	\$1,544.75
264	10-15	\$2,352.00
265	10-11	\$4,066.69
266	10-16	\$2,000.00
267	10-16	\$124.28
268	10-17	\$251.27
269	10-22	\$1,375.00
270	10-22	\$250.00
271	10-28	\$6,000.00
272	10-29	\$6,000.00
273	10-31	\$2,400.00
274	10-29	\$2,000.00
275	10-28	\$1,480.00
276	10-28	\$2,240.00
277	10-24	\$1,736.20

Debits

Date	Description	Subtractions
10-08	WIRE TO MLDC 1 LLC	\$37,882.58
10-11	WIRE TO MLDC 1 LLC	\$36,710.27
10-18	WIRE TO MLDC 1 LLC	\$40,921.67
10-25	WIRE TO MLDC 1 LLC	\$37,403.92
10-28	WIRE TO MLDC 1 LLC	\$66,588.77

Credits

Date	Description	Additions
10-03	WIRE FROM COINME INC	\$53,127.46
10-04	REMOTE DEPOSIT REF#0100014	\$9,000.00
10-04	WIRE FROM RANDY MICHELSON	\$41,488.00
10-10	WIRE FROM COINME INC	\$54,049.82
10-17	WIRE FROM COINME INC	\$69,412.50
10-21	REMOTE DEPOSIT REF#0100015	\$21,354.73
10-24	WIRE FROM COINME INC	\$65,346.17
10-31	WIRE FROM COINME INC	\$73,907.86

Daily Balances

Date	Amount	Date	Amount	Date	Amount
10-03	\$141,975.68	10-04	\$192,463.68	10-07	\$186,486.69
10-08	\$135,721.19	10-09	\$127,282.19	10-10	\$169,732.01
10-11	\$127,479.08	10-15	\$109,195.57	10-16	\$104,611.29
10-17	\$173,772.52	10-18	\$132,850.85	10-21	\$154,205.58
10-22	\$152,580.58	10-24	\$216,190.55	10-25	\$178,786.63
10-28	\$102,477.86	10-29	\$94,477.86	10-31	\$165,985.72

Executive Summary: For the calendar month of October 2019, the Moses Lake Data Center (MLDC) generated gross revenue of \$220,208 which represented a 14% drop in revenue from September 2019 of \$256,422.

October was the first full month of operation at TNT and generated \$71,302 in revenue.

The total gross revenue generated combined for both sites for October was \$291,498, slightly up from September's number of \$290,490.

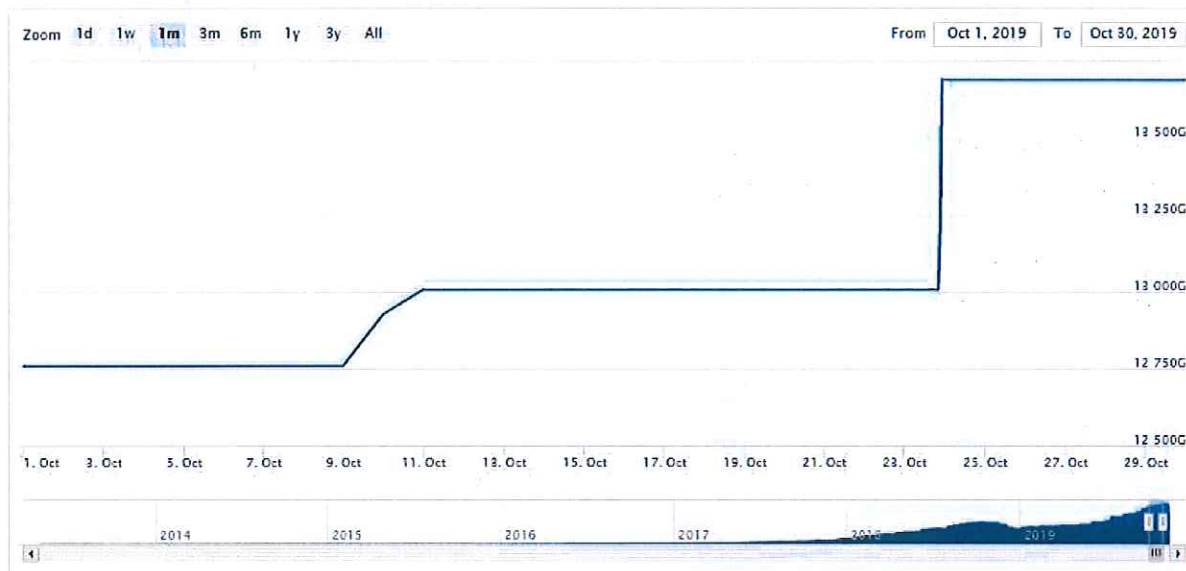
We continued to deploy additional miners across Moses Lake and TNT to increase our mining hash rate and utilize the existing power and available equipment at both sites. A new mining strategy was implemented in October to increase our agility by mining the L3+ machines (Litecoin) at multiple mining pools rather than the original strategy of "one technology/one pool". We also began to accept payment for our rewards in other cryptocurrencies (usually BTC instead of LTC) to arbitrage against overnight price volatility. Additionally, we implemented a no cost software system that allows us to very rapidly changing mining pools which also allows us to mine other major cryptocurrencies that are compatible with the mining hardware. We will finish the rollout of the new control software to all machines by end of November at MLDC and TNT.

S9 Machine Mining (primarily Bitcoin): Revenues for MLDC S9s declined primarily due to a significant drop in the average BTC price in October when we converted our mining rewards to USD. In September, the daily average exchange rate was \$9,721 while in October that rate dropped to an average of \$8,077/BTC.

Increasing global difficulty continued to grow due to new technology shipping which in turn yielded fewer rewards compounding the reduction in price. This reduced number of BTC mining rewards from the S9 machines is expected to continue into November.

Bitcoin Difficulty Chart

The Bitcoin network difficulty chart provides the current BTC difficulty target as well as a historical data graph visualizing Bitcoin mining difficulty chart values with difficulty adjustments (both increases and decreases) defaulted to today with timeline options of 1 day, 1 week, 1 month, 3 months, 6 months, 1 year, 3 years, and all time.



L3+ Machine Mining (primarily Litecoin): Revenues from these machines grew from September due primarily to the ongoing drop in LTC mining difficulty which yielded increase number of rewards. This was our first month mining under the new control software and while we primarily mined Litecoin, we were being paid daily for the equivalent amount in USD in BTC through a different mining pool provider. We saw significant increases in revenue on a per machine basis from our new flexible mining strategy on a per machine basis. We expect difficulty to continue to drop in November for Litecoin which will yield growing revenue but anticipate a slowdown in the difficulty decrease in the rate before year end.

Litecoin Difficulty Chart

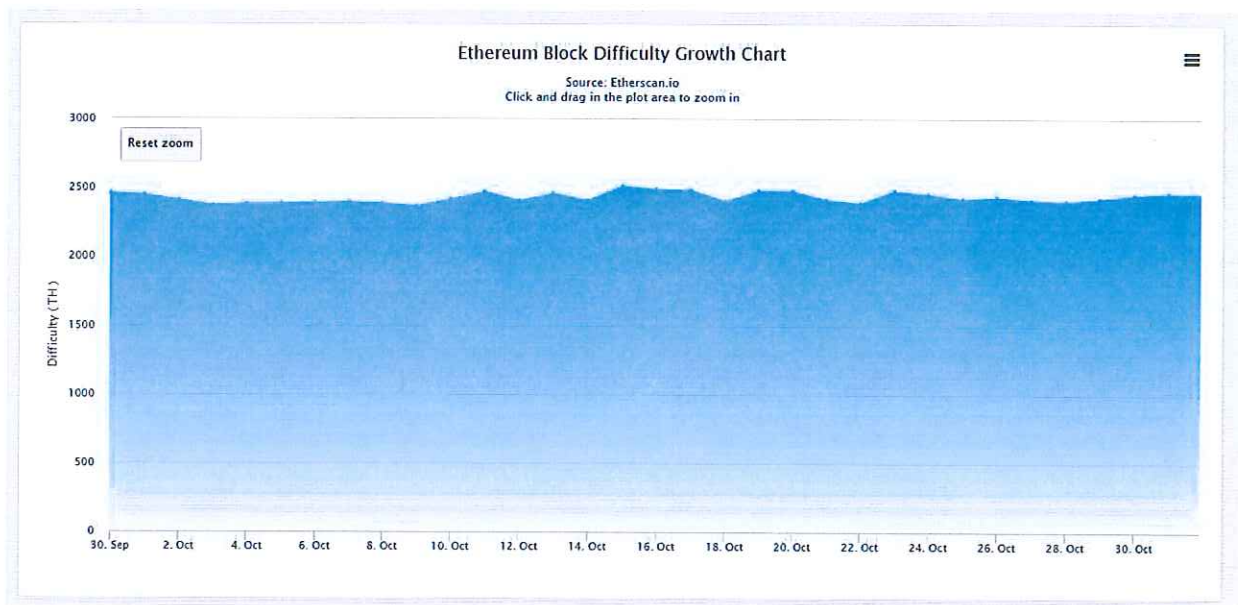
The Litecoin network difficulty chart provides the current LTC difficulty target as well as a historical data graph visualizing Litecoin mining difficulty chart values with difficulty adjustments (both increases and decreases) defaulted to today with timeline options of 1 day, 1 week, 1 month, 3 months, 6 months, 1 year, 3 years, and all time.



GPU Mining (primarily Ethereum):

The month on month increase in revenue for Ethereum mining was due primarily due to the deployment of additional GPU miners and better management of those units. Difficulty increased very modestly in October, only by 0.6%. These GPU miners continue to be our highest value equipment and generate the most net revenue/kwh compared to L3+s and S9s.

The average sales price of an ETH token in September was \$184.87 compared to October's average of \$177.43.



We will continue to rollout of the new control software to both Moses Lake and TNT which will in part offset the increase in difficulty of BTC from mining S9s by using them to also mine other compatible currencies and mine at mining pools with lower fees. The L3+s (Litecoin) will continue to grow their per machine net revenue due to dropping difficulty and increase mining pool opportunities. GPU miners (Ethereum) will continue to be the most solid revenue stream of all technologies deployed, both from a net revenue basis per machine and as a group for total revenue recognition moving towards 2020.

In summary, we have no reliable market indicators that prices for BTC, LTC or ETH will increase significantly before the end of 2019. Assuming the case that market prices are stable, we can assume that mining rewards from the S9 machines (BTC) will continue to decrease due to increasing difficulty and new technology being deployed by competitors. We still have good margins on a per machine basis so it's profitable to continue operating these S9 machines. We expect revenues from the L3+ machines (LTC) will continue to grow due to dropping difficulty and represents our best area where we could have the largest impact on increased revenue. Finally, our GPU mining (ETH), which is currently the most profitable technology to mine on a per kilowatt hour, will remain our best technology equipment going into 2020.